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## Goatskin Exportations

The exportation of goatskins from Chungking, China, increased from 590, 828 untanned pieces in 1903 to 2,342, 652 in 1915. In that the latter year there was a great demand for goatskins from the United States. They were needed to fulfill contracts placed in America by the Allied governments. In 1917 exports decreased to 1,088,025 pieces. The American market evidently became overstocked after a period of speculative buying, which continued during the first three months of 1917, and was marked by a sharp advance in prices.

## Finance - Economics

WALL STREET OFFICE:  
Mills Building, 15 Wall St.

Telephone  
Hanover 6514

Simultaneously with the report that the Japanese people were rioting in protest against the high price of rice, there was published an announcement to the effect that the balance of trade in favor of Japan reached the equivalent of more than \$1,000,000,000. Seemingly these news items were unrelated, but as a matter of fact there was a very vital connection, for the conditions produced by the creation of this huge export balance were in all probability responsible for the rioting.

Somewhat less than half of the trade balance was settled by taking deferred claims on the future production of the Allied countries—by making loans to them—and to the extent that this was done the financial position of Japan was strengthened without disturbing internal consequences. But for the remainder Japan took gold, and thereby laid the foundation of its recent trouble. For on this gold was based an enormous inflation of currency and credit. According to the Japanese financial commissioner to the United States, the increase in Japan's currency between the end of July, 1914, and the end of March, 1918, was 482,000,000 yen, or within a small fraction of 90 per cent. How much credit was inflated is not known. In any event, the inevitable result of this preposterous expansion of currency was a great rise in commodity prices, just as similar inflation has been followed by high record prices the world over. It is more than a coincidence that the advance in Japan was exactly the same as the increase in the currency—that is, 90 per cent—measured by the index number of fifty-six commodities compiled each month by the Bank of Japan.

Curiously enough, rice did not advance as much as the general level of prices, the increase being only 70 per cent up to last March. It may be, however, that this particular commodity has moved upward more rapidly since March. In any event, it must be remembered that rice is to the Japanese people what wheat is to Americans; and it is not so long ago that people here protested violently against a rise of 1 cent in the price of a loaf of bread, although they had met much more drastic increases in other items of their food budgets with apparent unconcern.

Probably "profiteering" was, as has been stated, responsible for the Japanese outbreak. But "profiteering" is chiefly a by-product of inflation, which makes it easier for the producer to get high prices than to take low ones. There are many instances in which American manufacturers have received bids for goods so high that they have refused to accept them and have made sales below the bid prices. When they do accept the fantastic bids they are denounced as wicked in America as in Japan.

## Money and Credit

Call money rates remained firm yesterday at 6 per cent on mixed collateral and 6 1/2 per cent on industrial collateral. The beginning of the new policy of J. P. Morgan & Co. of lending money at call at 4 1/2 per cent against acceptances eligible for rediscount at the Federal Reserve Bank had no perceptible effect on the money market at the Stock Exchange, and doubt was expressed whether it would at any time ease the situation there. Except early in the morning, no new time money was offered. The rate continued to be 6 per cent.

Ruling rates for money yesterday, compared with a year ago, were as follows:

| Yesterday, Year ago.           | Percent. | Year ago. | Percent. |
|--------------------------------|----------|-----------|----------|
| Call money:                    |          |           |          |
| On mixed collateral 6          |          | 3         |          |
| On industrial coll. 6 1/2      |          | 3         |          |
| Time money (mixed collateral): |          |           |          |
| Sixty days 6                   | 4 1/4    | 4 1/2     |          |
| Ninety days 6                  | 4 1/2    | 4 1/2     |          |
| Four months 6                  | 4 3/4    | 5         |          |
| Five to six months 6           | 5        | 5 1/4     |          |

**Commercial Paper.**—Country institutions are fairly large buyers of commercial paper. The rate is firm at 6 per cent for the best regular maturities.

**Bank Acceptances.**—Owing to the firm money market the demand for bank acceptances is somewhat lighter. Rates yesterday were as follows:

| Thirty days.                      | Sixty days. | Ninety days. |
|-----------------------------------|-------------|--------------|
| Percent.                          | Percent.    | Percent.     |
| Eligible member banks 4 1/4       | 4 1/4       | 4 1/4        |
| Eligible non-member banks 4 1/4   | 4 1/4       | 4 1/4        |
| Ineligible member banks 5 1/4     | 5 1/4       | 5 1/4        |
| Ineligible non-member banks 5 1/4 | 5 1/4       | 5 1/4        |

For delivery within thirty days:

| Percent.                        | Percent. | Percent. |
|---------------------------------|----------|----------|
| Eligible member banks 4 1/2     |          |          |
| Eligible non-member banks 4 1/2 |          |          |
| Ineligible bank bills 6         |          |          |

**Discount Rates.**—The following table gives the current rates of the twelve Federal Reserve banks on commercial paper on all periods up to ninety days:

| City.              | Rate. | City.              | Rate. |
|--------------------|-------|--------------------|-------|
| Boston.....        | 4 1/4 | St. Louis.....     | 4 1/4 |
| New York.....      | 4 1/4 | San Francisco..... | 4 1/4 |
| Philadelphia.....  | 4 1/4 |                    |       |
| Cleveland.....     | 4 1/4 |                    |       |
| Richmond.....      | 4 1/4 |                    |       |
| Atlanta.....       | 4 1/4 |                    |       |
| Chicago.....       | 4 1/4 |                    |       |
| St. Louis.....     | 4 1/4 |                    |       |
| Minneapolis.....   | 4 1/4 |                    |       |
| Kansas City.....   | 4 1/4 |                    |       |
| Dallas.....        | 4 1/4 |                    |       |
| San Francisco..... | 4 1/4 |                    |       |

**Bank Clearings.**—Bank clearings in New York and other cities were:

| Exchanges.        | Balances.     |
|-------------------|---------------|
| New York.....     | \$415,678,487 |
| Boston.....       | \$6,614,765   |
| Chicago.....      | \$8,349,256   |
| Philadelphia..... | \$6,108,958   |
| St. Louis.....    | \$3,442,418   |

**Sub-Treasury.**—The banks lost \$421,000 to the Sub-Treasury yesterday.

**London Money Rates.**—Money was exchanged at 3 per cent. Discount rates were short and three-month bills 3 1/2 to 3 3/4 per cent. Gold premiums at Lisbon remained 130.00.

**The Dollar in Foreign Exchange.** The continued movement of francs toward the normal was the outstanding development of yesterday's foreign exchange market. Rates on Paris moved from 5.61 units to the dollar to 5.57 for checks and from 5.55 to 5.60 for cables. These adjustments made the rates for francs the highest since 1915, and certain foreign exchange brokers reiterated that the process of stabilization will be continued until francs are quoted at about 5.30. Pesetas were a trifle firmer, and Scandinavian rates were a shade higher. The weakness of Swiss francs was uncurbed.

Closing rates yesterday compared with a week ago, follow:

(Quoted dollars to the pound.)

| Yesterday.                 | Week ago. |
|----------------------------|-----------|
| Sterling, demand.....      | \$4.7555  |
| Sterling, sixty days.....  | 4.73      |
| Sterling, cables.....      | 4.7660    |
| Sterling, ninety days..... | 4.7156    |

(Quoted units to the dollar.)

| Yesterday.          | Week ago. |
|---------------------|-----------|
| France, checks..... | 5.57      |
| France, cables..... | 5.56      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |
| France, cables..... | 5.54      |

Below is given the current exchange value of foreign money in dollars and cents, together with the intrinsic gold parity, calculated by the United States Mint:

| Current value.        | Intrinsic value. |
|-----------------------|------------------|
| Pounds, sterling..... | \$4.7550         |
| France.....           | 0.17 3/4         |
| Guineas.....          | 0.52             |
| Rubles.....           | 0.13             |
| Lire, checks.....     | 0.13 3/4         |
| Crowns (Denmark)..... | 0.31 40          |
| Crowns (Sweden).....  | 0.35 70          |

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at \$4.7550. The intrinsic parity is \$4.865 per pound. Thus you say either that pounds are at a discount or that dollars are at a premium, which is the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

## Germany Preparing For Peace at Sea

**Shipping Concerns Combine to Build Fleet of Big Ocean Freighters**

Germany evidently intends to keep on the high seas after the war. According to the "Weser Zeitung" three big concerns have formed a consortium for building ocean-going steamships. They are the Gutehoffnungshütte, the Allgemeine Elektrizitäts-Gesellschaft and the Hamburg-Amerika Line, and the capitalization of the amalgamation for the present will be 10,000,000 marks or \$2,800,000 at normal exchange, which will be used to construct ships, and it is proposed to build tank ships as well as other kind of deep sea vessels. All of the largest shipping lines will be represented in the directorate. The J. J. Jung shipyard at Elbfeld, which is eighteen miles from Hamburg, has been sold to the consortium, which intends to use the property for building ocean freighters.

At the same time the latter statement was published, Berlin heard a report was current in Hamburg that a large shipping yard is to be established near that city in connection with the recently founded Rikkyu-Studen G. m. b. H., and that the new concern will build inland as well as sea craft. Industrial concerns that furnish materials or machinery for the building of ships will be paid in shares of the company that operates the vessels. The first work of the new yards will be the construction of twelve fast vessels suitable for carrying ore.

## Banks Urged to Frown on Loans For Non-War Use

## N. Y. Federal Reserve Institution Aims to Conserve Credit

In order to furnish the United States government with the increasing volume of credit it requires to finance the war the Federal Reserve Bank of New York announced yesterday it had sent a letter to banking institutions throughout its jurisdiction urging the necessity of conserving resources. Each bank is urged to do its share and to obtain the cooperation of borrowers. Careful buying, small stocks, postponement of new construction or expansion and general economy by business interests are policies suggested by the Federal Reserve Bank as proper for producers, manufacturers and merchants. Their education in these respects by banks is suggested. The letter to banks reads mainly as follows:

"The Federal Reserve Board wrote you on July 6 relative to the necessity of conserving credit in order to furnish the government the increasing volume of credit it requires to finance the war, and the directors of this bank have instructed its officers to discuss the subject with every bank in the district. While no general rule or program for the conservation of credit can be laid down, the duty of each bank is to do its share in securing the desired results, acting reasonably and judiciously in such ways as its own conditions make practicable and as well spare borrowers undue embarrassment.

**Suggestions for Borrowers.** "We have no doubt that, like most bankers, you have heard of some progress toward conserving credit, and our directors wish to supplement the Federal Reserve Board's letter by asking you now to take up this necessary work systematically and conscientiously. Saving of credit by banks in order to help the situation as a whole must be the result of saving on the part of borrowers. Shifting loans from one institution to another or sales of collateral which merely throw the burden upon other shoulders save no credit.

Credit conservation can only be accomplished by the cooperation of banks and their borrowers and education of borrowers by their banks. Producers, manufacturers and merchants may do their part and reduce their credit requirements. "By not overbuying; "By carrying as small stocks as practicable; "By postponing new construction or expansion of their business; "By effecting business economies; "Individuals may do their part by studying their personal expenses and effecting economies which will enable them gradually to pay off their loans.

**Urges Analysis of Loans.** "May we suggest that you make a careful analysis of your loans and direct of discount in order to determine definitely what credit now in use is not directly connected with government financing or the production of war necessities, and necessary to maintain the health and efficiency of our armed forces and our civilian population? While the majority of bank loans will usually be of this character, as well as to the less necessary commercial borrowings, that credit conservation should first be applied.

"New commercial or new loans to acquire or improve property, or for non-productive purposes, will rarely be justified, unless they are to aid directly in the prosecution of the war.

"A spirit of saving in the use of credit will naturally lead the banks themselves to exercise restraint in offering new or additional loans, and to direct of discount in order to determine definitely what credit now in use is not directly connected with government financing or the production of war necessities, and necessary to maintain the health and efficiency of our armed forces and our civilian population? While the majority of bank loans will usually be of this character, as well as to the less necessary commercial borrowings, that credit conservation should first be applied.

"Several of our member banks, wishing to discuss the matter with their borrowers, have asked us to prepare a brief statement on the subject. We have prepared such a statement, which banks, if they so desire, may use as a form letter or inclose with a letter of their own.

"We suggest that one most effective step would be for all banks offering new or additional loans to agree to common action."

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## Relevant Comment

### Dutch Investment Buying Reported

Brokers who before the war conducted large operations in this market for Amsterdam account are authority for the statement that important investment buying of American securities has recently been renewed from this source. The Dutch have always held the reputation of being investors with keen foresight, and in view of the present trend of the war situation considerable significance is attached to their activities.

### Steel Touches 115

The active buying of United States Steel common, which featured last Saturday's stock market session, was in evidence again at the opening yesterday, and the stock made another new high price for the year, advancing to 115 during the first few sales. After the initial enthusiasm had subsided the market returned to the lethargy that has lately characterized it. Steel held firm throughout the day, however, and closed at 114 1/4, a net loss of 1/4 of a point.

### English Marine Director Here

In view of the expectation that an announcement will be made shortly of the International Mercantile Marine plan for disposing of the company's British tonnage and other assets more than the usual significance is placed on the presence here of Harold A. Sanderson, English director. Mr. Sanderson and P. A. S. Franklin, president, were in conference yesterday with J. P. Morgan at the latter's offices.

### Rates on Pesetas Advance

Despite advice from Spain that the United States was soon to arrange a credit of from \$50,000,000 to \$100,000,000 in that country to reduce the discount on the dollar, rates on pesetas in the local foreign exchange market rose slightly, instead of declining. On reports of the pending negotiations rates on Spain declined from 27 1/2 to 23 1/2 in the last month, and it was to be expected that the news from Madrid would facilitate the decline. But the movement was the other way. Foreign exchange dealers attributed the slighter firmer tone of pesetas to indications that a new loan from Spain and Spain would be avoided. If, on the other hand, Spain should sever relations with Germany or declare war the rates on Spain would in all probability decline considerably.

### May Join Hide and Leather Board

Henry Evans, president of the Continental Insurance Company, and M. C. Branch, of Richmond, Va., will be elected to the directorate of the American Hide and Leather Company at the annual meeting on September 4, according to reports current in the financial district. Both are understood to represent important holdings that are interested in the pending recapitalization of the company.

## News Digest

### Foreign

**London Market Cheerful.**—LONDON, Aug. 26.—The stock market had a cheerful tone again to-day. The continued successes of the Allies stimulated the demand, but the turnover was only moderate, as many securities are strongly held. Central American issues were wanted, while other foreigners were quiet. Shipping shares advanced in anticipation of an extension of the movement toward the concentration of resources. Gold mines were good following the improved labor outlook. Money was in better demand.

**Paris Market Firm.**—PARIS, Aug. 26.—Prices were firm on the Bourse to-day. Three per cent rentes sold for 62 francs for cash. Exchange on London was 29 francs 60 centimes. Five per cent loan brought 87 francs 85 centimes.

### Dividends

#### Extras

**Grasselli Chemical Company.**—An extra dividend of 2 per cent has been declared in addition to the regular dividend of 1 1/2 per cent on the common and preferred stocks, all payable September 30 to stockholders of record September 15.

#### Regular Declarations

**United Drug Company.**—Quarterly dividend of 1 1/2 per cent on the common stock, payable October 1 to stockholders of record September 16.

**Jordan Motor Car Company.**—Dividend of 7 per cent on the preferred stock payable to stockholders of record August 27.

## Significant Relations

**Money and Prices:**

| Stock of gold money in the country. | New             | Old             |
|-------------------------------------|-----------------|-----------------|
|                                     | \$3,080,767,000 | \$3,582,718,000 |
| May 10, 1918.                       | \$2,960,041,000 | \$3,582,718,000 |
| June 10, 1918.                      | \$2,960,041,000 | \$3,582,718,000 |
| July 10, 1918.                      | \$2,960,041,000 | \$3,582,718,000 |

| Loans of all national banks.                          | 1,393,795,000 | 1,428,000,000 |
|---|---------------|---------------|
| Their surplus reserves.                               | 2,032,337,000 | 2,032,337,000 |
| Bills discounted and bought by Federal Reserve banks. | 2,003,051,000 | 1,372,229,000 |
| Federal Reserve notes in circulation.                 | 2,003,051,000 | 1,372,229,000 |
| Total gold reserve.                                   | 2,003,051,000 | 1,372,229,000 |

| Average price of fifty stocks.                      | 79.12   | 79.18   |
|---|---------|---------|
| Average price of twenty-five bonds.                 | 84.22   | 84.16   |
| Food cost of living (Annalist index number).        | 290.021 | 287.376 |
| General commodity price level (Dun's index number). | 222.058 | 232.575 |

| Production:                        | July 22.  | June 22.  |
|------------------------------------|-----------|-----------|
| Unfilled U. S. Steel orders, tons. | 8,883,801 | 8,918,856 |
| Pig iron (daily average), tons.    | 110,354   | 110,793   |

| Wheat crop, bushels. | 78,000,000    | 650,828,000   |
|----------------------|---------------|---------------|
| Corn crop, bushels.  | 1,428,000,000 | 1,587,286,000 |
| Cotton, bales.       | 2,898,000,000 | 3,159,494,000 |
|                      | 13,519,000    | 11,300,254    |

| Distribution:            | 6 weeks. | Month of May. |
|--------------------------|----------|---------------|
| Gross railroad earnings. | +13.1%   | +10.2%        |
| Bank clearings.          | +22.6%   | +11.1%        |

| General:                         | July 21.     | June 21.     |
|----------------------------------|--------------|--------------|
| Active cotton spindles.          | 33,674,896   | 33,720,413   |
| Commercial failures (Dun's).     | 786          | 804          |
| Number.                          | 786          | 804          |
| Liabilities.                     | \$9,789,572  | \$10,606,741 |
| Building permits (Bradstreet's). | \$38,837,542 | \$53,853,817 |

## U. S. to Liquidate Spanish Loan by Shipping Staples

## Cotton, Steel and Oil Al- lotments Proposed by Treasury Agent

To pay off the loan of from 300,000,000 to 500,000,000 pesetas (\$60,000,000 to \$100,000,000 at par) which, according to a Madrid dispatch, the United States is arranging in Spain, it was ascertained yesterday that this country has proposed the shipment of 40,000 bales of cotton a month and stipulated allotments of steel and oil. The purpose of the credit, which will be in pesetas, is to stabilize the value of the dollar, which is now at a discount in Spain.

Norman Davis, acting as special agent of the Treasury Department, is now overseas completing the negotiations. Recently Otto Kahn, of Kuhn, Loeb & Co., conferred with the King of Spain regarding the arrangement, it is understood. Previous to that time there had been an interchange of views between American and Spanish bankers, but the latter were disinclined to act without government support because of their interpretation of the neutrality laws. The plan of sending goods across to wipe out the credit, it is said by bankers who are informed of the progress of the negotiations, is designed to bring the value of the dollar for the same period of last year of \$27.205. Deficit after taxes amounted to \$878,615.

The unfavorable position of the dollar in Madrid is not expected to reflect the trade balance between this country and Spain. The balance in fact was \$42,000,000 in favor of the United States in the year ended June 30, a difference in our favor larger than before the war. But England imported more from Spain than she exported to that country, and because of the stabilization of the pound sterling in the New York market Spanish firms sold sterling here, and as a result rates on Spain rose. This condition arose from the impossibility of shipping gold to settle the trade balance between Great Britain and Spain.

## Register Liberty Bonds for Safety

**In Suggesting Conversion, Federal Reserve Bank Says Many Are Lost**

The Federal Reserve Bank of New York has sent a letter to each bank in its district asking for cooperation in a campaign to acquaint the public with all the details of converting first and second Liberty Loan bonds into the 4 1/2 per cent bonds of their respective issues, a privilege ending November 9. Comparatively few holders have taken advantage of the conversion privilege. Many Liberty bonds have been lost or stolen and it is stated that registered bonds that will protect owners can be made out by the Treasury Department with reasonable promptness.

Up to the close of business on Saturday last \$24,886,250 of the first Liberty Loan and \$400,229,750 of the second Liberty Loan had been converted into 4 1/2 per cent bonds, it is stated by the Bond Issue Division of the Federal Reserve Bank of New York.

In regard to protection to owners provided by registered bonds, Louis F. Sawyer, deputy governor of the Federal Reserve Bank, says in the letter to member banks: